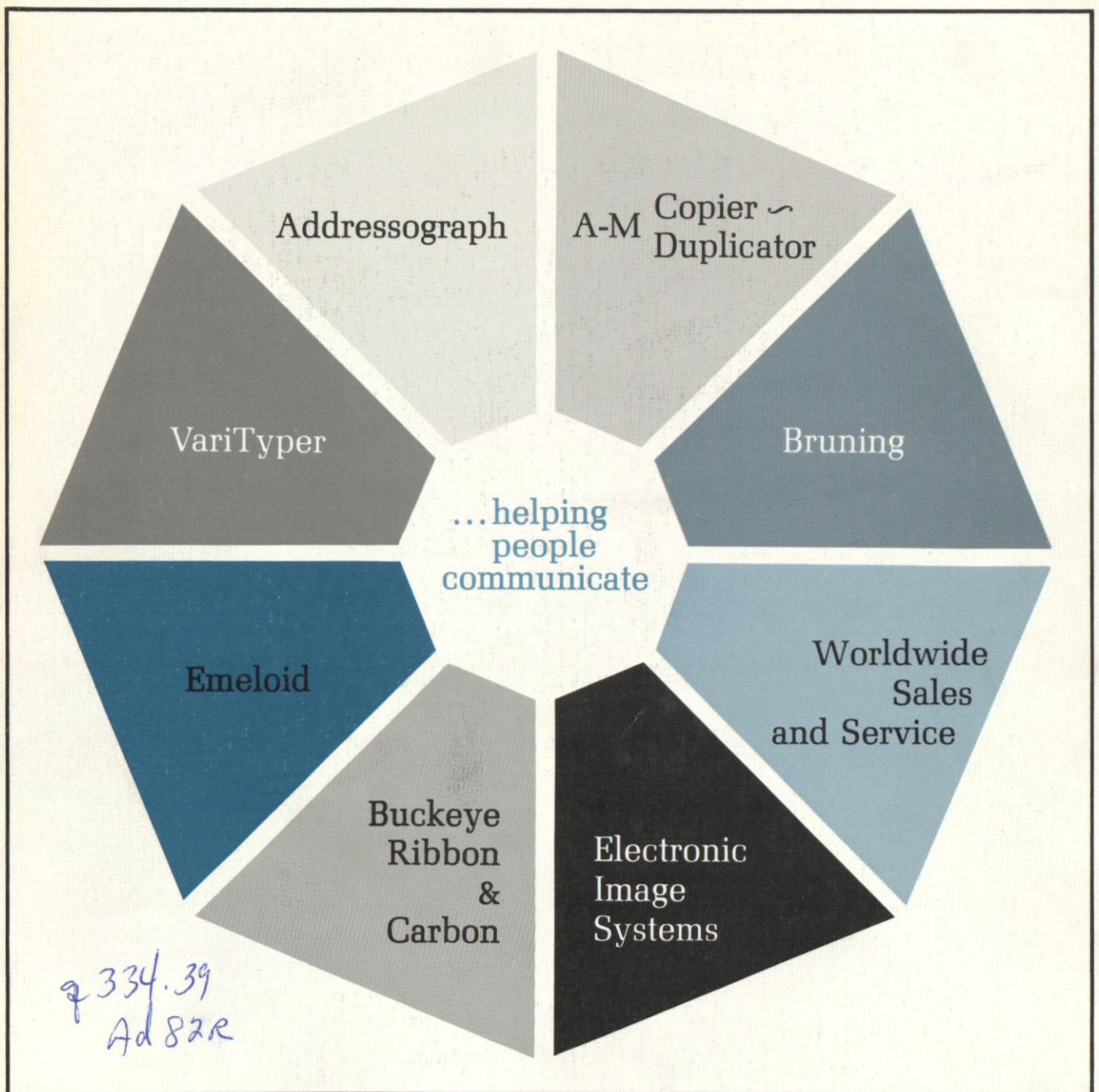




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CORPORATION

**annual
report
1967**



ADDRESSOGRAPH MULTIGRAPH CORPORATION



On August 28, 1967, the Board of Directors accepted with regret the retirement of J. Basil Ward as Chairman of the Executive Committee and Chief Executive Officer, effective November 2, 1967, the date of the Annual Meeting of Stockholders.

Mr. Ward's retirement caps a career of creative service to A-M. In each of his increasingly responsible assignments, his performance has been marked by wisdom, vision, and sound business judgment. The benefit of the boundless energy he always gave in full measure to his company inspired his associates to their maximum performance. The progress of the company to its present worldwide stature speaks eloquently of his able and dedicated leadership.

As he steps into retirement, J. Basil Ward takes with him the enduring goodwill, affection, and the highest esteem of his associates throughout the A-M family.

55 years of Distinguished Service

1912	Salesman	Chicago	1944	Vice President — Distribution
1913	Sales Agent	Cincinnati	1950	Vice President & General Manager
1929	General Sales Manager		1952	President
1932	Addressograph Sales Agent	Chicago	1966	Chairman of the Executive Committee & Chief Executive Officer

ADDRESSOGRAPH MULTIGRAPH CORPORATION

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1967 annual report



Board of Directors

*FRANK H. WOODS
 *PHILIP M. AITKEN
 *WILLIAM I. AITKEN
 RAYMOND Q. ARMINGTON
 WALTER K. BAILEY
 *EDWIN C. BRUNING
 HERBERT F. BRUNING
 *JOHN S. FANGBONER
 *J. BASIL WARD
 *WILLIAM H. WILSON

Chairman, Board of Directors
 Partner, Woods, Aitken and Aitken
 Partner, Woods, Aitken and Aitken
 President, The Triax Company
 Director, The Warner & Swasey Company
 Executive Vice President, Charles Bruning Division
 Formerly President, Charles Bruning Company
 Chairman of the Board, The National City Bank of Cleveland
 Chairman, Executive Committee and Chief Executive Officer
 President

*Member of Executive Committee

Officers

J. BASIL WARD
 WILLIAM H. WILSON

 DONALD C. ADAMS
 WOODROW S. ANDERSON
 JACK M. LEWIS
 DONALD W. SEAGER
 A. JAY SOMERS

 EDMUND F. FRANZ
 CLARENCE S. MARGACH
 ALBERT E. MIGNONE
 GEORGE R. SULLIVAN
 HOWARD J. WARWICK

 JOSEPH KOVACS
 WILLIAM H. REINER
 HARRY S. WILSON

Chairman, Executive Committee and Chief Executive Officer
 President

Administrative Vice President and Treasurer
 Administrative Vice President, Corporate
 Administrative Vice President, Marketing
 Administrative Vice President, Manufacturing
 Administrative Vice President and Controller

Vice President, Industrial Relations
 Vice President, Education and Training
 Vice President, Research and Engineering
 Vice President and Secretary
 Vice President, Manufacturing

Assistant Secretary
 Assistant Treasurer
 Assistant Controller

ACCOUNTANTS
 GENERAL COUNSEL
 TRANSFER AGENTS

REGISTRARS

Price Waterhouse & Co., Cleveland, Ohio
 Woods, Aitken and Aitken, Lincoln, Nebraska
 First National City Bank, New York City
 Continental Illinois National Bank and Trust Company, Chicago
 Morgan Guaranty Trust Company, New York City
 Harris Trust and Savings Bank, Chicago

Financial Highlights

FOR THE YEAR ENDED JULY 31

	1967	1966
RESULTS OF OPERATIONS		
Net sales, service billings and machine rentals	\$359,967,000	\$327,114,000
Income before taxes and extraordinary item (Settlement of patent litigation)	\$ 39,106,000	\$ 52,044,000
Income before extraordinary item	\$ 19,679,000	\$ 26,622,000
Per share	\$2.45	\$3.33
Net income	\$ 19,016,000	\$ 26,622,000
Per share	\$2.37	\$3.33
Net income as a percentage of sales	5.3%	8.1%
Cash dividends paid	\$ 11,218,000	\$ 11,189,000
Per share	\$1.40	\$1.40

FINANCIAL POSITION AND STOCKHOLDERS' EQUITY:

Working capital	\$ 97,615,000	\$101,136,000
Ratio of Current Assets to Current Liabilities	2 to 1	2.5 to 1
Total assets	\$275,782,000	\$232,651,000
Stockholders' equity	\$166,780,000	\$158,791,000
Per share	\$20.80	\$19.87

OTHER DATA:

Number of employees	24,300	23,500
Number of stockholders	19,300	18,500

to the Stockholders:

For Addressograph Multigraph Corporation, 1967 was a year in which sales volume again increased. The product line was expanded significantly. Sound progress was made in the development of new products, soon to be released, and new production facilities were brought to completion.

SALES

Worldwide sales exceeded all previous sales records in the 74 years of the company's history. Revenues from sales, services and equipment rentals were \$359,967,000 — an increase of 10 percent over the previous record of \$327,114,000 achieved in 1966.

Sales have scored new high records in each of the past 14 years, and have more than doubled in the past five years.

NET INCOME

Net income after taxes was \$19,016,000, compared with \$26,622,000 earned the year before. Per share net income was \$2.37 on 8,019,861 shares outstanding, compared with \$3.33 on 7,992,106 shares the previous year. Despite this reduction, net income in 1967 was the second best in A-M's history.

A number of factors account for the reduced earnings in the past year; no one factor stands out as the sole cause. There were increases in labor and material costs and selling expense that could not immediately be recovered through price increases. To fulfill new product objectives, research and engineering expense rose 24 percent. Some low profit margin products suffered further from competitive pricing. Interest on borrowed money rose from \$489,000 to \$1,961,000.

To counteract the above factors, cost control programs have been intensified, and selective price increases have been put in effect.

In January 1967 the company announced that effective March 1 the newly created A-M Copier-Duplicator Division would assume marketing responsibility for both the Bruning electrostatic copier line of equipment and supplies, as well as the line of offset duplicators and supplies previously handled by the Multigraph Division. Thus, the sales and service representatives of these two product lines were consolidated into a unified marketing organization. The accelerated cross-training of copier and duplicator sales and service people, now completed, meant additional expense as well as some loss of selling effort while the sales and service men were in training.

In comparing fiscal 1967 with 1966, it should be noted that the company had a twelve-week strike which was settled just prior to the start of fiscal 1966. It is estimated that as a result, 1966 realized 30 cents per share in earnings that normally would have been in 1965.

Earnings in 1967 were also reduced by a non-recurring item of extraordinary expense for the defense and settlement of patent litigation, relating to one of the products of the corporation. A compromise settlement was reached in June 1967. The after-tax effect of this expense was \$663,000, or eight cents a share.

The reduction in net income in 1967 should be viewed in context. More important than the results of any one year is the long term trend. The ten-year summary on page 16 depicts a growth trend in net income that we confidently believe will be continued in the years ahead.

DIVIDENDS

In the 1967 fiscal year, cash dividends of \$1.40 per share were paid. The total cash dividend pay out for the year was \$11,218,000. A-M has a 32 year record of paying consecutive quarterly cash dividends on its common stock.



The number of shares outstanding increased during the year to 8,019,861 when 27,755 shares of A-M treasury stock were issued to acquire Electronic Image Systems Corporation of Boston, Massachusetts. This acquisition was reported in last year's annual report. More information about EIS appears in a later section of this report.

FINANCIAL POSITION

Short term borrowed capital has increased substantially — from \$7,138,000 to \$40,946,000. The major reasons for this growing requirement for cash are:

- an increase in the number of machines leased or rented to customers. As distinguished from outright sales, it takes several years for the equivalent cash revenue on rented equipment to flow back to the company.
- an increase in our 1967 plant and equipment investment. These expenditures are necessary not only to take care of the increased sales volume, but also to replace obsolete equipment.

It is expected that the need for additional cash will continue for the next several years. Various plans are being studied to convert at least the major portion of the short term borrowing to the form of long term debt.

ORGANIZATION CHANGES

The Board of Directors on August 28, 1967, accepted with regret the retirement of J. Basil Ward as Chairman of the Executive Committee and Chief Executive Officer, effective November 2, 1967, the date of the annual meeting of stockholders. The directors concurred in Mr. Ward's recommendation that President William H. Wilson be designated Chief Executive Officer at the board meeting to be held November 2.

Mr. Ward's long and distinguished career with A-M is recognized on the inside front cover of this report. He will be a nominee for re-election as a director at the forthcoming meeting of the stockholders.

William H. Wilson was elected President and a director in June 1966. In his 48 years with A-M, Mr. Wilson has held a number of managerial posts, leading to his election as Vice President, Multigraph Distribution in 1954. In 1959 he was promoted to Vice President, Domestic Distribution, and in 1965 he was named Administrative Vice President, Corporate Distribution.

At the August 28 meeting, the directors made three other noteworthy appointments.

Woodrow S. Anderson, Vice President, Marketing, was elected Administrative Vice President, Corporate; Jack M. Lewis, Vice President, Planning, was elected Administrative Vice President, Marketing; Donald W. Seager, Vice President, Planning and Control, Corporate Manufacturing, was elected Administrative Vice President, Manufacturing.

Woodrow Anderson started with A-M as a salesman in Chicago in 1945. After a number of advancements in the sales organization, he was made Multigraph National Sales Manager in 1957. In August 1965 Mr. Anderson was elected Vice President, Distribution.

Jack Lewis began his A-M career in the VariTyper subsidiary, as a salesman in Louisville in 1946. He progressed to Branch Manager, Regional Manager, and in 1958 became VariTyper Sales Manager. In August 1962 he became Vice President and General Manager of the VariTyper Corporation at Newark, New Jersey. In June 1966 Mr. Lewis was promoted to Vice President, Planning, of the corporation.

Donald Seager joined A-M in April 1966. The previous seven years he had served International Business Machines Co., most recently as Director of Planning of the Systems Manufacturing Division, which is responsible for production of IBM computer equipment.

On November 3, 1966, Joseph Kovacs was appointed Assistant Secretary. Harry S. Wilson was appointed Assistant Controller effective June 15, 1967, replacing Keith L. Hamer who had been appointed Vice President and Treasurer of A-M Canada.



INDUSTRIAL RELATIONS

The industrial relations programs of the parent company and the subsidiary companies continued satisfactorily throughout the year.

A number of collective bargaining agreements which terminated during the year were renegotiated, all of them on a multi-year basis. Agreements between the parent company and the unions at its Cleveland, Ohio, Plant and Head Office are on a two-year basis terminating on June 3, 1968. Current agreements provide general wage and salary increases and other benefits in keeping with the patterns in the areas where the agreements were negotiated.

At the end of the year, employment of A-M people worldwide increased from 23,500 to a total of 24,300 as of July 31, 1967.

CONCLUSION

In looking ahead, we see good prospects for continued growth in sales, with commensurate profits. We are well prepared in terms of manpower, management staff, facilities, and products to capitalize on the opportunities before us. We are sure that the more than 24,000 men and women of the A-M worldwide organization share our confidence in the bright future that lies ahead. We also express appreciation for the continuing interest and support of our employees, customers, stockholders and suppliers.

On behalf of the Board of Directors,

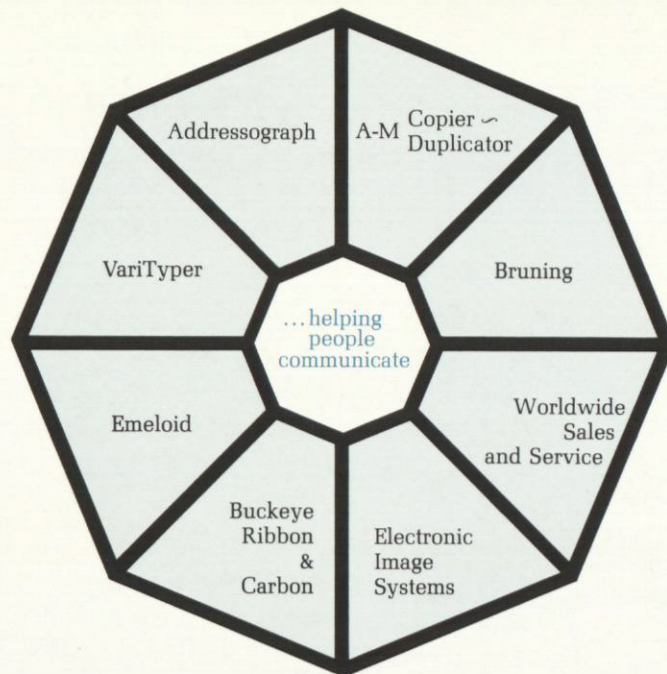
Frank H. Woods
Chairman of the Board

J. Basil Ward
Chairman, Executive Committee
and Chief Executive Officer

William H. Wilson
President

The annual stockholders meeting of the Corporation will be held at the office of the Corporation, 1200 Babbitt Road, Cleveland, Ohio, on Thursday, November 2, 1967 at 11 A.M.

Proxies for the meeting will be requested by the Management at a later date. The notice, proxy statement and proxy for the meeting will be mailed on or about October 16, 1967.



The above symbol, featured on the cover of this annual report, is much more than a graphic representation of the A-M octagon trademark. The symbol tells a story of individual A-M divisions and subsidiaries bound together by one common goal: helping people communicate. It is our way of saying that information is the language of business and Addressograph Multigraph's business is the language of information.

People in business must communicate in some language, from some source and by some means. A-M, through the products of Addressograph, Copier-Duplicator, Bruning, VariTyper, Emeloid, Buckeye and EIS, provides the language in many different forms:

machine readable type
 machine readable codes
 people readable type in over 1,100 languages
 lines and pictures

the source in a variety of media:

original documents
 embossed metal and plastic records
 prepared masters
 prepared tape
 wire prepared pictures
 carbons and ribbons

and the means:

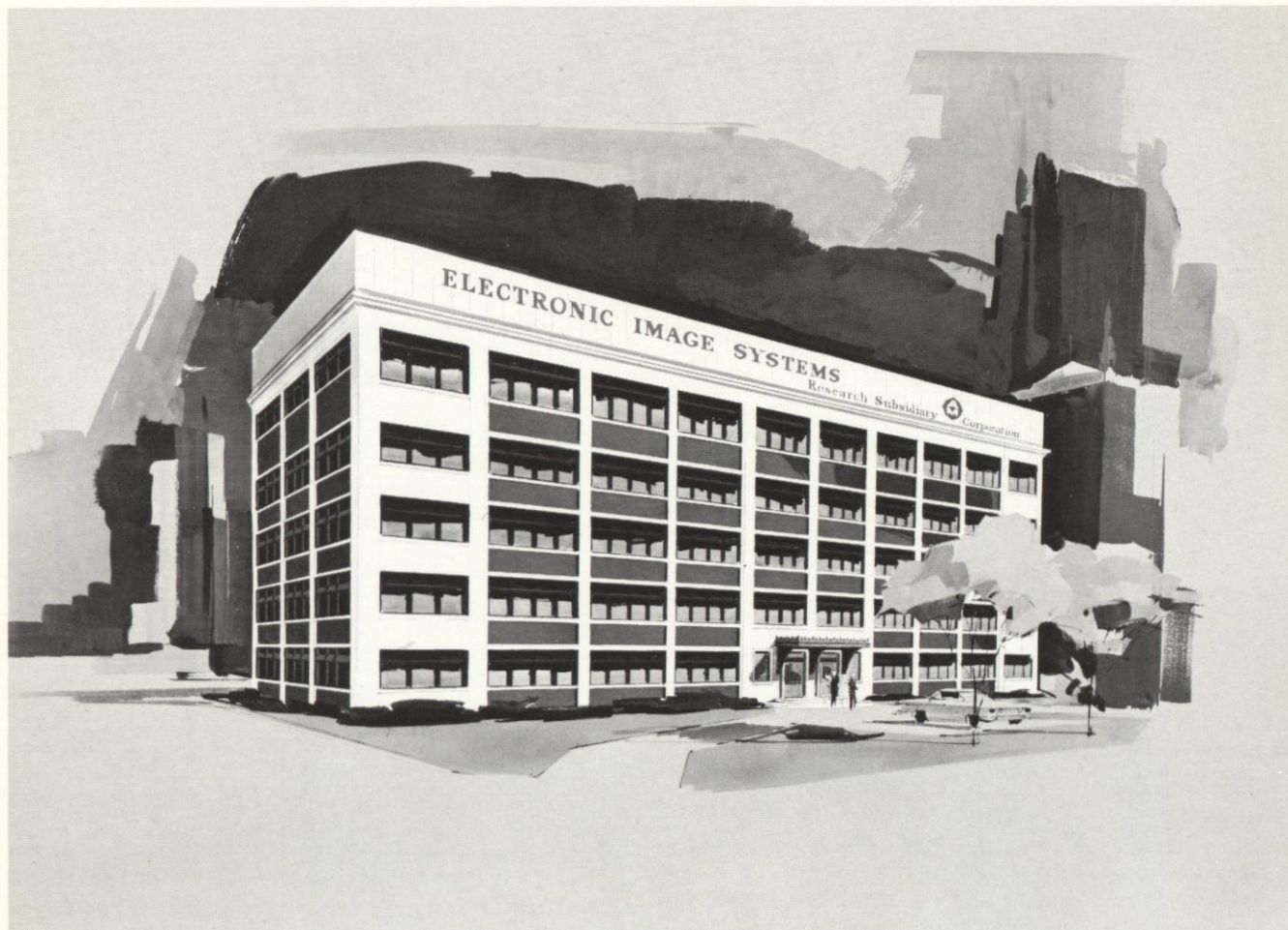
with one or more models from the broad product lines of our divisions and subsidiaries, used alone, with each other or in conjunction with machines of other companies ... for a single copy or hundreds of thousands.

Today, versatile and flexible business communications are essential. A-M's role in supplying such communications systems is a significant one ... in domestic and international markets.

This annual report was reproduced entirely on products of the corporation. Text matter, 10-year tables, financial statements, and cut-lines for illustrations were composed on a VariTyper using a Buckeye ribbon. Headlines and sub-heads were composed on the VariTyper Headliner.

The completed type composition together with illustrations were transferred photographically to Multilith masters – and thousands of copies of this report were reproduced from these masters on Multilith Offset duplicators.

The envelope in which this report was delivered was automatically addressed on an Addressograph machine equipped with a Buckeye carbon ribbon.



The new laboratory and office complex of the Electronic Image Systems Corporation subsidiary is located on Memorial Drive in Cambridge, Massachusetts, in an area that is largely devoted to research and education activities, with such centers of higher learning as Massachusetts Institute of Technology, Harvard University and Boston University within walking distance.

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED JULY 31

	1967	1966
SALES AND MISCELLANEOUS INCOME:		
Net sales, service billings and machine rentals	\$359,967,000	\$327,114,000
Interest, discount and other income	<u>1,425,000</u>	<u>1,755,000</u>
	<u>361,392,000</u>	<u>328,869,000</u>
COSTS AND EXPENSES:		
Cost of products and services sold	176,925,000	151,998,000
Research, development and engineering expenses	11,162,000	9,012,000
Branch expenses and commissions	95,379,000	81,881,000
Other selling, advertising, general and administrative expenses	36,859,000	33,445,000
Interest	<u>1,961,000</u>	<u>489,000</u>
	<u>322,286,000</u>	<u>276,825,000</u>
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	<u>39,106,000</u>	<u>52,044,000</u>
PROVISION FOR INCOME TAXES:		
Current — United States	13,945,000	22,572,000
— Foreign	2,510,000	2,454,000
Future	<u>2,972,000</u>	<u>396,000</u>
	<u>19,427,000</u>	<u>25,422,000</u>
INCOME BEFORE EXTRAORDINARY ITEM	19,679,000	26,622,000
SETTLEMENT OF PATENT LITIGATION, LESS APPLICABLE INCOME TAX OF \$612,000	<u>663,000</u>	<u>—</u>
NET INCOME	<u>\$ 19,016,000</u>	<u>\$ 26,622,000</u>
PER SHARE OF COMMON STOCK:		
Income before extraordinary item	\$2.45	\$3.33
Extraordinary item, less applicable income tax	<u>.08</u>	<u>—</u>
Net income	<u>\$2.37</u>	<u>\$3.33</u>
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 70,643,000	\$ 55,210,000
NET INCOME	<u>19,016,000</u>	<u>26,622,000</u>
	89,659,000	81,832,000
DIVIDENDS PAID — \$1.40 per share	<u>11,218,000</u>	<u>11,189,000</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 78,441,000</u>	<u>\$ 70,643,000</u>

CONSOLIDATED BALANCE SHEET, JULY 31



ASSETS

CURRENT ASSETS:

	1967	1966
Cash	\$ 12,393,000	\$ 15,470,000
Accounts receivable, less allowance for doubtful accounts of \$2,160,000 in 1967 and \$1,523,000 in 1966	79,215,000	64,780,000
Inventories (principally finished products) priced at the lower of cost or market	96,606,000	84,240,000
Prepaid expenses	<u>2,412,000</u>	<u>2,010,000</u>
	<u>190,626,000</u>	<u>166,500,000</u>

LEASE CONTRACTS RECEIVABLE, due after one year,
less unearned finance charges (Note 1)

5,203,000

—

PLANT AND EQUIPMENT, AT COST:

Land	3,305,000	3,218,000
Buildings, machinery and equipment, etc.	110,006,000	96,081,000
Rental machines	23,124,000	14,875,000
Leasehold improvements, less amortization	<u>1,228,000</u>	<u>934,000</u>
	137,663,000	115,108,000
Less accumulated depreciation	<u>62,610,000</u>	<u>53,687,000</u>
	<u>75,053,000</u>	<u>61,421,000</u>

OTHER ASSETS:

Excess of cost of businesses acquired over related net assets	3,312,000	3,312,000
Deferred charges	<u>1,588,000</u>	<u>1,418,000</u>
	4,900,000	4,730,000
	<u>\$275,782,000</u>	<u>\$232,651,000</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

	1967	1966
Bank loans	\$ 40,946,000	\$ 7,138,000
Accounts payable	19,660,000	17,797,000
Supply and service contract obligations, etc. less applicable federal income taxes	12,094,000	10,685,000
Accrued taxes, commissions, payroll, etc.	9,660,000	8,603,000
Income taxes — U.S. and foreign	10,328,000	20,756,000
Long-term debt due within one year	<u>323,000</u>	<u>385,000</u>
	<u>93,011,000</u>	<u>65,364,000</u>

LONG TERM DEBT (Note 2)	<u>11,000,000</u>	<u>6,477,000</u>
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INCOME TAXES PAYABLE IN FUTURE YEARS	<u>4,991,000</u>	<u>2,019,000</u>
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STOCKHOLDERS' EQUITY

Common stock, par value \$2.50

Authorized 10,000,000 shares

	1967	1966
Issued	<u>8,030,506</u>	<u>8,030,506</u>
In treasury	<u>10,645</u>	<u>38,400</u>
Outstanding	<u><u>8,019,861</u></u>	<u><u>7,992,106</u></u>

	20,050,000	19,980,000
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Capital in excess of par value	68,289,000	68,168,000
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Retained earnings, per accompanying statement	<u>78,441,000</u>	<u>70,643,000</u>
	<u>166,780,000</u>	<u>158,791,000</u>

	<u><u>\$275,782,000</u></u>	<u><u>\$232,651,000</u></u>
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CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE YEAR ENDED JULY 31

SOURCE OF FUNDS

	1967	1966
Net income	\$ 19,016,000	\$ 26,622,000
Depreciation and amortization	11,172,000	8,556,000
Future income taxes	<u>2,972,000</u>	<u>—</u>
From operations	33,160,000	35,178,000
Additional long-term debt	4,523,000	6,206,000
Other	<u>21,000</u>	<u>291,000</u>
	<u>37,704,000</u>	<u>41,675,000</u>

USE OF FUNDS

Plant and equipment (net)	24,804,000	20,251,000
Cash dividends	11,218,000	11,189,000
Lease contracts receivable	5,203,000	—
Excess of cost of business acquired over related net assets	<u>—</u>	<u>2,950,000</u>
	<u>41,225,000</u>	<u>34,390,000</u>

Increase (decrease) in working capital	(3,521,000)	7,285,000
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Working capital at beginning of year	<u>101,136,000</u>	<u>93,851,000</u>
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Working capital at end of year	<u>\$ 97,615,000</u>	<u>\$101,136,000</u>
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:

Under the Company's method of accounting, machines leased under certain long-term, non-cancellable leases are treated as sales, and the trading profit is recognized currently in the income statement. The related unearned finance charges (\$869,000 at July 31, 1967) are taken into income over the life of the leases. However, for federal income tax purposes, the Company has adopted the installment method of reporting income so that lease receipts are not taxed until the year received. Provision has been made (\$2,020,000 in 1967) for the future federal income taxes applicable to the difference between reported and taxable income.

NOTE 2:

Long-term debt at July 31, 1967 comprised \$5,300,000 in Eurodollars on a 6-3/4% unsecured note due in December, 1968; \$4,400,000 at 5-1/2% under a revolving credit agreement convertible in 1968 into a 5-year term loan; and \$1,300,000 of other debt at 5% to 7% due 1969-1981.

NOTE 3:

The Company and its consolidated subsidiary companies have several retirement plans, contributory and non-contributory, covering both factory and office employees. In general, the participants' retirement benefits are based on compensation, length of service, etc. Under the terms of the plans, the companies pay annually into trust funds, sums sufficient to cover the current service and a portion of the past service. The total pension expense for the years ended July 31, 1967 and 1966 was \$4,085,000 and \$3,256,000, respectively.

NOTE 4:

At July 31, 1967, the Company and its subsidiaries operated at numerous branch locations under leases, exceeding three-year terms, having a minimum annual rental aggregating approximately \$4,300,000 in addition to which the Company pays taxes, insurance, and other expenses relating to most of the leased premises.

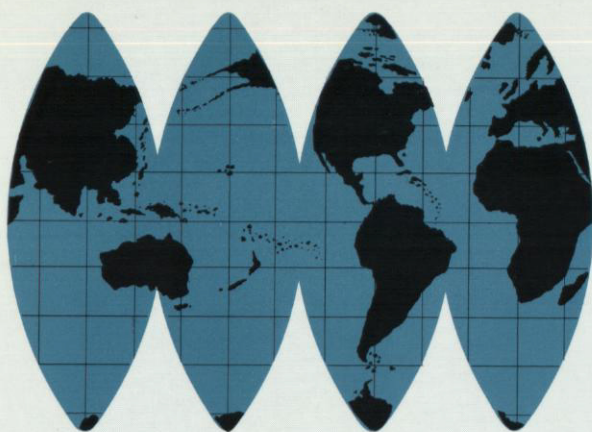
OPINION OF INDEPENDENT ACCOUNTANTS

To the Stockholders and the Board of Directors,
Addressograph Multigraph Corporation

In our opinion, the accompanying consolidated balance sheet, the related statements of consolidated income and retained earnings and the statement of source and use of funds present fairly the financial position of Addressograph Multigraph Corporation and subsidiary companies at July 31, 1967, the results of their operations and the supplementary information on funds for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

Cleveland, Ohio
September 1, 1967



Worldwide Operations

The consolidated net sales and earnings and the consolidated net assets are grouped separately for the United States and international operations in the tables below. The financial position of the international subsidiaries is shown as of June 30, 1967, which is their fiscal year end.

RESULTS OF OPERATIONS (in thousands)

	United States	International	Worldwide Totals
Net sales	\$275,403	\$84,564	\$359,967
Other income	<u>1,076</u>	<u>349</u>	<u>1,425</u>
	276,479	84,913	361,392
Costs and expenses	<u>246,955</u>	<u>75,331</u>	<u>322,286</u>
Income before taxes and extraordinary item	29,524	9,582	39,106
Income taxes	<u>14,781</u>	<u>4,646</u>	<u>19,427</u>
Income before extraordinary item	14,743	4,936	19,679
Extraordinary item	<u>663</u>	<u>—</u>	<u>663</u>
NET INCOME	<u>\$ 14,080</u>	<u>\$ 4,936</u>	<u>\$ 19,016</u>
Per share:			
Income before extraordinary item	\$ 1.84	\$.61	\$ 2.45
Extraordinary item	<u>.08</u>	<u>—</u>	<u>.08</u>
Net income	<u>\$ 1.76</u>	<u>\$.61</u>	<u>\$ 2.37</u>

FINANCIAL POSITION (in thousands)

	United States	International	Worldwide Totals
Current assets	\$145,055	\$45,571	\$190,626
Current liabilities	<u>71,849</u>	<u>21,162</u>	<u>93,011</u>
Working Capital	73,206	24,409	97,615
Plant, equipment and other non-current assets	<u>68,645</u>	<u>16,511</u>	<u>85,156</u>
	141,851	40,920	182,771
Less: Long-term debt	10,070	930	11,000
Income taxes payable in future years	<u>4,991</u>	<u>—</u>	<u>4,991</u>
NET ASSETS	<u>\$126,790</u>	<u>\$39,990</u>	<u>\$166,780</u>
Per share	\$ 15.81	\$ 4.99	\$ 20.80



International

International operations recorded new highs in both sales and income during the past fiscal year. International subsidiary sales increased 29% and net income increased 13% ... and the outlook is for a continuation of this trend.

With the ever-increasing communications requirements and the growing complexity of modern record keeping, world markets and applications for all products of the Corporation continue to expand.

Keeping pace with the growing use of consumer credit, seventeen French banks took a long look at bank credit plans in the United States and decided such a program would be good for French business. They formed an associate company, Carte Bleue, and bought A-M data recorders, plastic credit cards, and automatic embossing machines to implement the plan.

Overseas, Addressograph machines are used by the Marines for the complex job of personnel record writing. Also, a combination of VariTyper Headliner and Multilith Offset equipment is being used everyday by the military in the preparation of many types of publications and leaflets.

Admel International Ltd., one of the leading diazo companies in Great Britain has, since its acquisition, in June 1966, increased its capacity for producing diazo chemicals. Significant new equipment for production of diazo film products was also added.

During the past fiscal year, the International Division increased its penetration of the European markets. In October of 1966, a wholly-owned subsidiary company was established in Spain with headquarters in Madrid ... and in April of this year a branch sales and service office was opened in Barcelona. It is planned to continue to expand sales and service facilities to meet the needs of business, industry and government in Spain — one of the fastest growing economies in Europe.

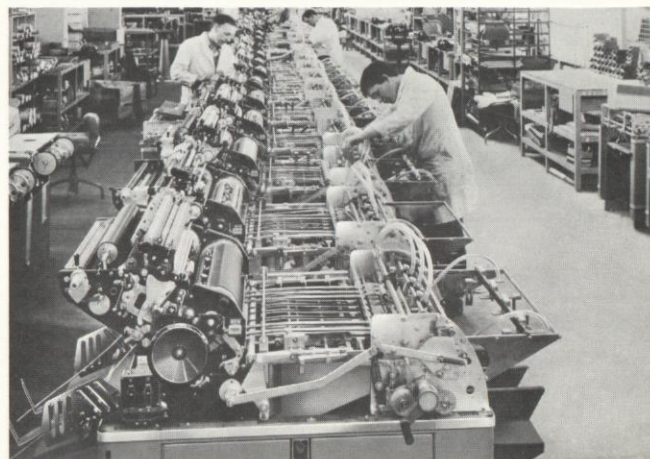


The new A-M office in Stockholm, Sweden, has four times the space of the old quarters.

A-M Spain, in Madrid, is the newest International subsidiary. It was established this fiscal year.



The Multilith 1850 assembly line at A-M England. This machine is one of many new products now being manufactured at this enlarged plant.



TEN-YEAR SUMMARY FOR THE YEARS ENDED JULY 31

RESULTS OF OPERATIONS

	1967	1966	1965
Net sales, service billings and machine rentals	\$359,967,000	\$327,114,000	\$269,086,000
Net income	\$ 19,016,000†	\$ 26,622,000	\$ 18,439,000
Net income per share*	\$2.37†	\$3.33	\$2.31
Net income as a percentage of sales	5.3%	8.1%	6.9%
Net income as a percentage of average invested capital	11.7%	17.6%	13.2%

DIVIDENDS AND EARNINGS RETAINED

Number of shares issued and outstanding*	8,019,861	7,992,106	7,992,106
Cash dividends paid	\$ 11,218,000	\$ 11,189,000	\$ 10,390,000
Cash dividends per share*	\$1.40	\$1.40	\$1.30
Stock dividends paid	—	—	—
Earnings retained	\$ 7,798,000	\$ 15,433,000	\$ 8,049,000

FINANCIAL POSITION AND STOCKHOLDERS' EQUITY

Working capital	\$ 97,615,000	\$101,136,000	\$ 93,851,000
Ratio of current assets to current liabilities	2.0 to 1	2.5 to 1	3.1 to 1
Total assets	\$275,782,000	\$232,651,000	\$191,041,000
Total liabilities	<u>109,002,000</u>	<u>73,860,000</u>	<u>47,683,000</u>
Stockholders' equity	\$166,780,000	\$158,791,000	\$143,358,000
Stockholders' equity per share*	\$20.80	\$19.87	\$17.94

OTHER DATA

Additions to plant and equipment (net)	\$ 24,804,000	\$ 20,251,000	\$ 9,802,000
Depreciation	\$ 10,993,000	\$ 8,401,000	\$ 7,239,000
Net plant and equipment	\$ 75,053,000	\$ 61,421,000	\$ 49,726,000
Number of employees	24,300	23,500	19,700
Number of stockholders	19,300	18,500	19,300

NOTE: The results of the Charles Bruning Company are included for Fiscal Years 1963 through 1967 only.

†After extraordinary item of \$663,000 or \$.08 per share.

*Adjusted for all stock dividends and for stock splits (2 for 1 in fiscal 1960; 3 for 1 in fiscal 1959).



CORPORATION

...helping people communicate

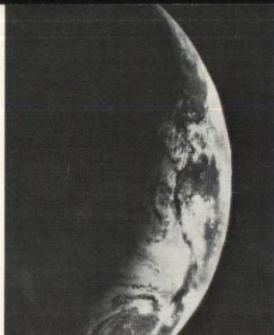
1964	1963	1962	1961	1960	1959	1958
\$244,736,000	\$233,131,000	\$173,873,000	\$162,331,000	\$155,962,000	\$132,150,000	\$128,450,000
\$ 17,144,000	\$ 15,562,000	\$ 13,151,000	\$ 12,177,000	\$ 12,694,000	\$ 9,834,000	\$ 9,138,000
\$2.15	\$1.95	\$2.00	\$1.85	\$1.93	\$1.50	\$1.46
7.0%	6.7%	7.6%	7.5%	8.1%	7.4%	7.1%
13.1%	12.7%	14.7%	14.8%	16.9%	15.3%	16.8%

7,992,106	7,986,793	6,576,893	6,576,893	6,541,703	6,541,703	6,230,193
\$ 8,438,000	\$ 6,577,000	\$ 5,890,000	\$ 5,759,000	\$ 4,917,000	\$ 4,492,000	\$ 3,736,000
\$1.10	\$1.00	\$.90	\$.88	\$.75	\$.69	\$.60
—	—	2%	2%	3%	3%	3%
\$ 8,674,000	\$ 7,555,000	\$ 7,261,000	\$ 6,418,000	\$ 7,777,000	\$ 5,342,000	\$ 5,402,000

\$ 89,279,000	\$ 82,138,000	\$ 61,057,000	\$ 59,129,000	\$ 53,826,000	\$ 49,338,000	\$ 36,686,000
3.2 to 1	3.1 to 1	2.9 to 1	3.1 to 1	2.9 to 1	3.1 to 1	2.6 to 1
\$178,246,000	\$169,311,000	\$125,278,000	\$114,544,000	\$108,485,000	\$ 96,159,000	\$ 81,447,000
<u>42,938,000</u>	<u>42,633,000</u>	<u>32,331,000</u>	<u>28,857,000</u>	<u>29,712,000</u>	<u>25,127,000</u>	<u>24,315,000</u>
\$135,308,000	\$126,678,000	\$ 92,947,000	\$ 85,687,000	\$ 78,773,000	\$ 71,032,000	\$ 57,132,000
\$16.93	\$15.85	\$14.13	\$13.03	\$12.04	\$10.86	\$ 9.17

\$ 7,664,000	\$ 7,736,000	\$ 9,122,000	\$ 5,414,000	\$ 6,405,000	\$ 4,171,000	\$ 3,835,000
\$ 6,551,000	\$ 5,817,000	\$ 4,232,000	\$ 3,858,000	\$ 3,314,000	\$ 2,763,000	\$ 2,570,000
\$ 47,314,000	\$ 46,357,000	\$ 32,035,000	\$ 27,243,000	\$ 25,687,000	\$ 22,596,000	\$ 21,611,000
18,400	17,900	14,700	14,900	15,000	13,800	13,200
17,900	13,700	11,000	9,600	7,800	6,200	4,300

Photorecorders, designed and built by Electronic Image Systems Corporation, receive signals from the weather satellite, NIMBUS II, 23,900 miles above the earth. These signals are transformed to photographic prints as shown in the sequence on the right. The EIS photorecorder is the only receiver with sufficient resolution and quality to serve NASA in its observation of high altitude cloud formations and other weather phenomena.



7:05 AM



9:02 AM



1:36 PM



Research and Development

In support of A-M's prime objective — "Helping People Communicate," corporate research and engineering programs are directed to a spectrum of business, education and government needs that never cease to change. During the past year, continuing progress has been made in achieving and maintaining a productive balance between extension of current product lines and broadening of the corporate technological base.

These programs assure participation in market areas of maximum future potential while maintaining competitive advantages in current markets. New developments are centered around areas of new technology in imaging techniques, photocomposition, and optical and magnetic character recognition. A-M's position in the field of information processing systems is growing rapidly. Important advances have been made in many aspects of data storage, and the recording, collecting, converting and processing of data.

New Addressograph Data Recorder developments continue to increase the accuracy and efficiency of input to computer systems. Innovations in embossing techniques speed the preparation of self-writing plates and plastic cards. Combination wire transmission and data recording systems produce needed hard copy documents at point of use, plus direct input to compilers for computer use. Technological strides have been made in character reading and data conversion

fields. All of these developments reflect and respond to the demands of modern data processing for mechanized, error-free input.

In products of the recently established Copier-Duplicator Division, new dimensions of speed, quality and convenience are being brought to the business communications market.

This fall the first of a major new product family will be announced. Further increases in equipment performance and productivity will be provided by new automated features and accessories. These are the result of novel combinations of product development efforts.

Research programs on new imaging techniques hold promise of application to current engineering projects as well as longer range programs. The results from coordinated efforts of the Cleveland and Mt. Prospect research centers will become evident in the form of both machines and associated supply items.

The product line of the Bruning Engineering Division is being extended in a number of directions. New heavy-duty diazo machines were developed for introduction in 1967. Controlled form and automatic paper feeding capabilities have been provided for greater operator convenience. New supply items, including a high quality, permanent tracing paper with a superior drawing surface, have been formulated and released for sale.

These developments are designed to serve, reliably and economically, the ever-increasing demand for more efficient paperwork processes in engineering and other drafting departments.

Bruning Engineering research activities are being concentrated on new process concepts which will embody the best features of present moist and dry diazo systems. Results of this project are now being reduced to practice.

VariTyper is pursuing aggressively a wide range of direct impression typography and photo-typesetting products to serve better the needs for type composition of business, education and government.



3:45 PM



5:44 PM



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10:05 PM

The unique advantages of the VariTyper printing principle are being applied in new ways to provide the sharp, crisp, images needed for high quality, direct impression typography. New advances in powered operation and precision tabulating systems are extending still further the benefits of VariTyper composing methods.

VariTyper's leadership grows as a supplier of versatile composing methods in the graphic arts field. With over a thousand type faces available for quality composition in almost any language, expert VariTyper designers continue to produce new type fonts in response to industry needs.

R & D work on new photo-typesetting products is continuing apace with direct impression typography. A new photo-typesetter, the Headliner 810, targeted for release this Fall, will offer simplified operation and increased production of headline type.

Electronic Image System Corporation, A-M's new research subsidiary in Cambridge, Massachusetts, has enjoyed rapid growth and progress since joining the A-M family last October. This headway has taken many forms. Engineering and scientific staff build-up has been accelerated. New quarters have been occupied providing greatly expanded and more efficient facilities, with ample room for growth. As a result of the increase in personnel and enlarged centralized facilities, productivity has more than tripled in the last ten months.

The Telikon project, a high speed, low cost system for transmitting and receiving graphic material over telephone lines, is progressing on schedule. Pre-production models are being evaluated and tested. In the near future, demonstrations of the Telikon system will be made to prospective customers. This significant advance in graphic communications is being coordinated with A-M Market Research studies, which are in progress with a number of leading U.S. companies in a wide range of industrial classifications.

The techniques developed by EIS for precision control of an electron beam are applicable to the field of image quantizing. These are digital devices which slice up a picture and present it in numerical terms.

Digital scanning and display devices are an important class of peripheral equipment for computers. They permit computers to operate with graphic material such as is required in all branches of research including medicine, engineering, meteorology.

Medical research needs offer fine potential for the application of EIS designed systems as an extension of the technology developed by EIS to record the space photos shown on this page.

A specific example of such use is the application of EIS digital scanning techniques as a means of automating the examination of chromosome slides by computer analysis. By the same approach, other mass data can be analyzed on an efficient basis in many important fields of medical research.

Further extensions of the various technologies under development by EIS will emerge in both the computer and data transmission fields.

The Buckeye Ribbon & Carbon Co. and The Emeloid Co., Inc. continue to develop important supply items. A new Buckeye magnetic carbon ribbon developed during the past year is receiving excellent market acceptance and will enlarge the range of magnetic character reading systems applications.

In the rapidly expanding field of plastic credit and identification cards, innovations have centered on means of protection against fraudulent use of cards. A new signature panel having in-built protection against alteration has been developed. Of even greater significance is the introduction of a plastic photographic identification card. This unique development provides a practical means of incorporating a picture of the card holder — in black and white or color — inside the laminations of the self-writing credit or identification card.

Corporate expenditures for R & D this past year were 24% above the previous year. The increase in the past two years has exceeded 50%. The results of this constantly expanding new product program will insure that A-M will retain leadership in the design of systems to help people and machines communicate efficiently and to speed the process of managing information accurately, and economically.

Dedicated to ... helping people communicate

A-M divisions and subsidiaries provide products, systems and procedures to create, transmit, reproduce and distribute "information" in markets throughout the world.

- Addressograph
- VariTyper
- A-M Copier-Duplicator
- Buckeye Ribbon & Carbon
- Bruning
- Emeloid
- Electronic Image Systems

All A-M products are dedicated to a common purpose — helping people communicate — accurately, faster and more effectively.



Markets

Fiscal 1967 sales volume, the largest in A-M's 74 year history, reflects the continuing growth pattern of the markets served by the corporation's principal product lines.

A-M manufactures and markets hundreds of versatile and highly automated machines and systems for the preparation, reproduction and distribution of information. A-M's products and systems, working alone or in combination with each other, play a major role in the production and communication of technical data, management accounting and control reports, educational information and graphic sales promotional material used in marketing practically all of the free world's goods and services.

To better serve its ever expanding markets, the company implemented several important new marketing programs in fiscal 1967.

The former Multigraph and Electrostatic Copier sales and service divisions were merged into a new Copier-Duplicator Division. With the distinction between

copying and duplicating disappearing and with A-M's broad family of copiers and duplicators to accommodate the full range of needs, it is logical to serve this market through a single sales and service organization.

A comprehensive training program has been completed whereby Multigraph sales and service men were trained on copier products and copier sales and service men received training on duplicator products and systems.

Recognizing the growing importance of Addressograph products to provide computer input and output, steps were taken to strengthen the marketing capabilities of the Addressograph sales division in computer oriented applications.

Systems planning and educational groups were set up to develop advanced computer input systems and procedures and to provide an educational program for the Addressograph sales organization.

The Bruning Engineering sales division has also benefited from new and improved marketing and educational programs that were implemented during fiscal 1967.

Positive results of these and other progressive marketing programs are being demonstrated now, by increased sales in key growth markets for A-M products and systems.

Addressograph

Recent product developments have added important new dimensions to the communications capabilities of Addressograph systems. Market acceptance has been outstanding for several new source data acquisition systems which provide means for quickly and accurately recording data at decentralized points of origin on paper forms, later optically reading the printed data and electronically converting it to codes for direct computer input. Some systems incorporate wire transmission facilities so that recorded source data can be sent over public or private telephone lines to remote data processing locations. If required, Addressograph data gathering machines can receive instructions and other information transmitted back from computer sites.

"Source Data Automation Systems" have been sold to large numbers of hospitals, manufacturers, government agencies, retailers and service industries — including data processing service bureaus. It is expected the sales trend of these systems will continue upward — even exceeding the rate of computer population growth.

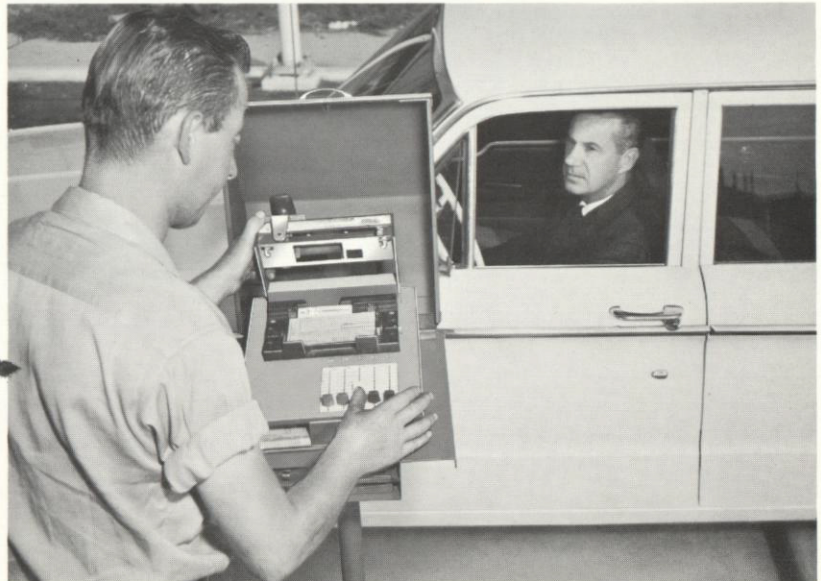
1966 witnessed a dynamic re-birth of bank-sponsored community credit plans. Approximately 90 large banks now sponsor charge account banking programs. About 700 other banks offer programs affiliated with the sponsoring banks' programs. Addressograph identification and charging systems are widely used in this market.

It has been estimated that the U.S. Medicare program has increased the



Requisitioning a patient examination at a hospital nursing station, using the Addressograph Source Data Automation System.

Service stations all over the world are using Addressograph plastic credit cards, embossed with Addressograph Graphotype machines, recording credit sales in Addressograph data recorders, and processing the credit invoices with Addressograph optical scanners.





Typical Addressograph installation used for alumni record-keeping and fund raising in many colleges and universities.

The Addressograph 9626 is the most versatile and the lowest cost optical code converter available today.



record-keeping workload in hospitals by at least 30%. All patient services subject to reimbursement by the government must be completely documented and quantities of statistical information must be available. Markets for Addressograph data writing and source data automation systems have increased as a direct result of Medicare.

Addressograph methods continue importantly in the mechanization of credit card systems. There are 38 large petroleum marketing companies in the U.S. and Canada. 25 of these now use Addressograph credit card and charging systems.

Versatile, automated Addressograph systems have recently supplanted the use of computers on a number of specialized record-keeping and data writing applications. Harvard University's fund-raising operation is a typical case example. Although the computer was able to perform all required functions, time scheduling problems were encountered and selective addressing costs were high.

A modern Addressograph system was installed. Alumni statistics including personal and academic histories are contained in the Addressograph plates. An electric plugboard-programmed selector is used to control automatic selection and directing of mailings to any desired group of names. The plate file is updated from punched paper tape which is also used to update computer records. Mailings are expedited, costs have been reduced and the computer has been freed for tasks more suited to its capabilities.

Copier & Duplicator

Paralleling growth in the total office copying market has been the proliferation of complex pricing plans offered by many copying machine manufacturers. Combinations of basic rental rates with sliding scale meter charges and variable supply prices are common. While these plans are all intended to favor the large volume user, most of them do not really offer a predictably uniform cost-per-copy, and record-keeping involved on the part of the customer is often burdensome.

Early this year, the A-M Copier-Duplicator division introduced the "A-M Copy Service Plan" for high volume users of its copiers. The plan guarantees a fixed per-copy-cost, based upon the total number of copies required and the number of copying machines installed. Minimum requirements to qualify for the plan are simply an annual usage of at least 1,000,000 copies and a unit average of 8,000 copies a month for the total number of copiers installed. As annual usage grows, or the monthly average per machine increases, copy costs decrease on a pre-established scale.

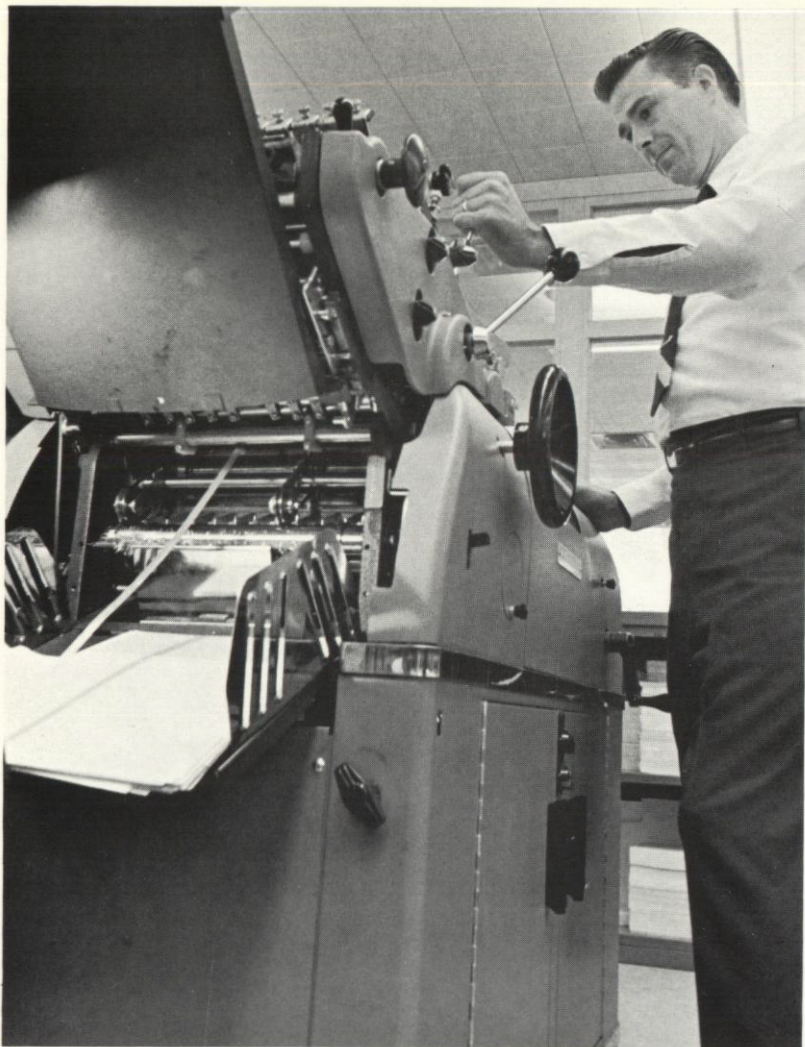
The Copy Service Plan has already been enthusiastically accepted by a number of large volume users. Guaranteed low unit costs have resulted in measurable savings to customers, both in actual copying expense, as well as in internal record-keeping work.

The plan has proven particularly effective as a means of placing A-M copiers in the high-volume market. A unit copy service plan has been introduced to offer similar advantages to lower volume users — even those requiring only a single A-M Copier.

The Multilith Offset 2650, released early this year, affords a high standard

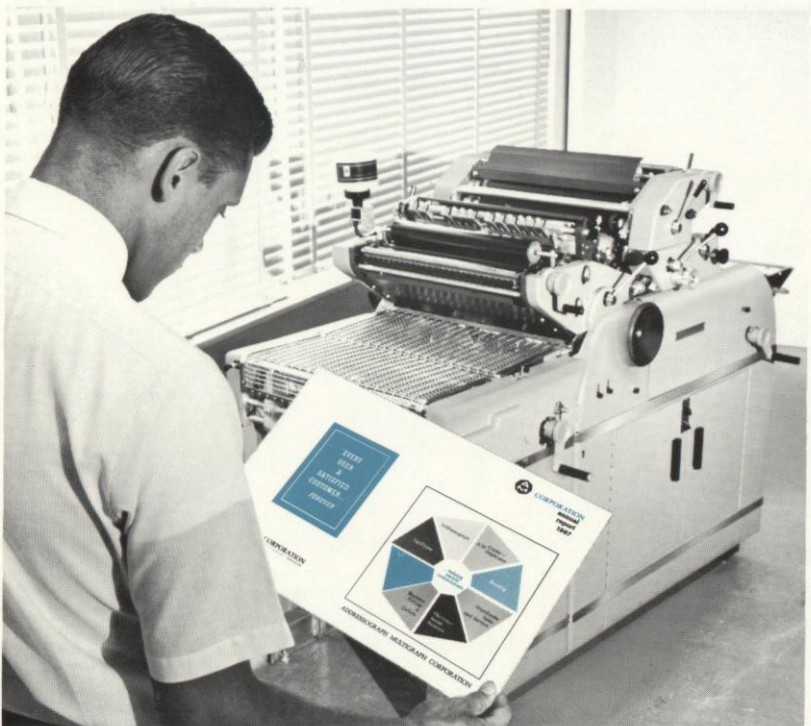


In the photo above an instructor at the Manpower Training Center in Cleveland, Ohio, shows trainees the operation of the Multilith Offset 1250.



The Multilith Offset 2650 is the most widely used, fully automated duplicator on today's market.

Multilith Offset 1850 with 1820 Second Color Unit used to produce cover of 1967 A-M Annual Report.



of convenience, simplicity and efficiency in all markets requiring quality short-run copy reproduction. It uses low cost masters imaged on computer printers, accounting machines or copiers.

The operator merely places the first master of a group in the loading tray and presses a starting button. The 2650 automatically feeds in the master, completes the duplicating cycle, delivers copies to a receiving tray, collator or sorter, and ejects the master. An automatic re-cycling system repeats the process steps as long as masters are available in the loading tray. Non-productive shut-off and re-start operations are eliminated.

Offset duplicating, with its inherent speed, quality and low cost advantages, is now feasible for very short copy runs in typical business office environments. Increased on-line copy collating and sorting capabilities have stimulated Multilith 2650 sales for applications such as computer report printing, production order writing, duplicating bids, purchase orders and invoices.

A continuing program to expand A-M's share of the Graphic Arts market led to the development of the Multilith Offset 1850. For almost three years it has enjoyed increasingly wide market acceptance because of its ability to produce graphic material comparable in quality to that turned out by larger offset presses. This year, several major new features have greatly increased the versatility of the equipment and have extended its market potential. A second color unit now provides the ability to print two colors in a single run. Thus, production of typical 2-color work such as brochures,

letter-heads, catalogs and promotional literature is doubled.

A heavy duty perforating, slitting and scoring unit performs these functions as automatic by-products of printing business forms and multiple small pieces.

A promising market for coin-operated A-M Electrostatic Copiers has opened in schools and public libraries. Model 2100 general purpose copiers with coin acceptors are sold or rented to these institutions. The installing institutions retain coin box receipts. Users benefit by the ability to reproduce controlled reference material, thereby increasing accessibility of information and reducing the need for multiple copies of frequently used original material.

The number of combined Multilith Offset-Electrostatic Copier installations is increasing rapidly. Business is interested in the lowest possible overall cost for their paperwork. The ability to do all copying or duplicating jobs during the course of a business day is provided by the combined Multilith Offset-Electrostatic Copier method. With it, as few or as many high quality copies as are required may be produced in the simplest possible way. It provides, in effect, a total system for copying or duplicating with an optimum of price and performance capability for every copy reproduction requirement ... realized at a cost as low as 1/2¢ per copy.

Establishment of the Copier-Duplicator Division provides the most effective method of presenting A-M's full range copy reproduction methods to all markets and insures continued rapid growth of this important part of A-M's future business.



The 2100 is a fully automatic copier that copies everything — single sheets, pages in books — all the way up to 11" x 17".

Instant copy service center employing new Multilith Offset 2650 with System 52 Copy Collator and A-M 2000 Electrostatic Copier.



Bruning Engineering

Bruning now concentrates the full force of its extensive sales and service organization on the Engineering Systems and Diazo Reproduction markets. The total volume of engineering effort continues to grow yearly and Bruning's markets for its documentation equipment are keeping in step. From original drawing tracing papers, through a complete line of drafting furniture and instruments to a variety of diazo and electrostatic machines and systems for drawing reproduction, Bruning provides one-source capability to serve the needs of designers, draftsmen and architects.

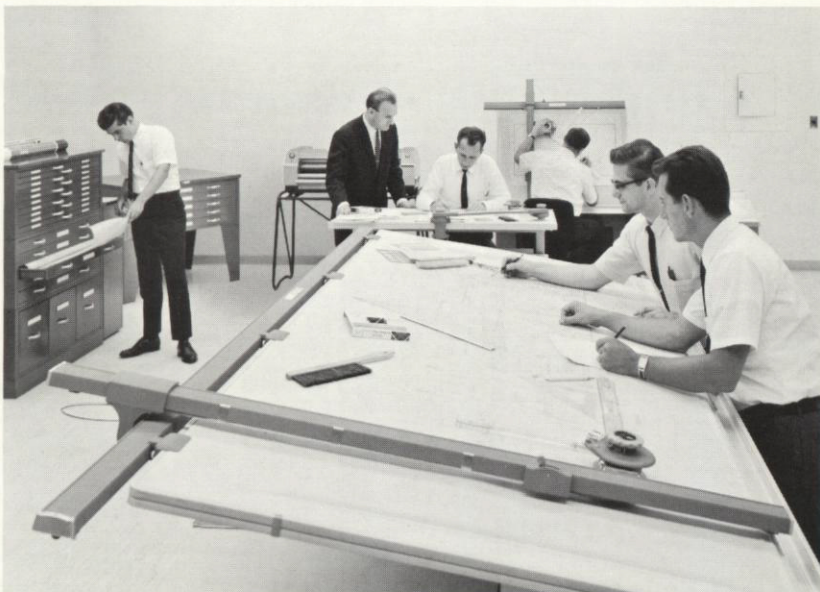
The new Bruning 1200 electrostatic microfilm enlarger is the most automated and versatile machine available for printing high quality enlarged copies of drawings and technical data stored on microfilm and aperture cards. Fed from two different width rolls of copy paper it is programmed to produce most of the commonly used drawing sizes at random, under operator push-button control. Copies are ideally suited for Multilith offset reproduction, where duplicates are needed.

Two new diazo copying machines, offering advanced design features for engineering reproduction entered the market this year. The Bruning 470 incorporates contemporary styling and new simplified controls into proven performance and reliability features of an earlier model.

The "Revolute" 840 incorporates selective automatic feeding from two internally stored rolls of sensitized paper. Operating at a speed of 60 feet



High volume reproduction of engineering drawings with the new Revolute 840.



Design Engineering Department fully equipped with Bruning products — drafting tables — instruments — supplies — print files and drawing reproduction machines.

per minute it provides versatile, high speed production capacity wherever volume diazo copying is required.

A complete new line of tracing materials — paper, film and cloth were developed by the Guilford division. Produced by the most modern manufacturing equipment attractively packaged and priced, these materials have created a new volume sales market for Bruning. The Bruning "Grand Design Award" promotional program offers awards to industrial draftsmen for original designs submitted on Bruning materials supplied to them in "kit" form. The association of Bruning materials with rewards and recognition has done much to increase their acceptance by engineering draftsmen.

VariTyper

Markets for VariTyper products are growing in size as well as in scope. A broad base continues to be the Graphic Arts field, which includes commercial printers, publishers, newspapers, and commercial composition services. The market has been enhanced by the conversion of many small newspapers from letterpress to offset printing.

Simplicity of the VariTyper method, the high quality of its output, and its cost reduction potential have created a growing "in-plant" reproduction market. Many businesses and organizations that previously purchased forms, price lists, house organs, advertising and sales promotion material from outside establishments have converted to "in-plant" production, using VariTyper and A-M Copier-Duplicator products.

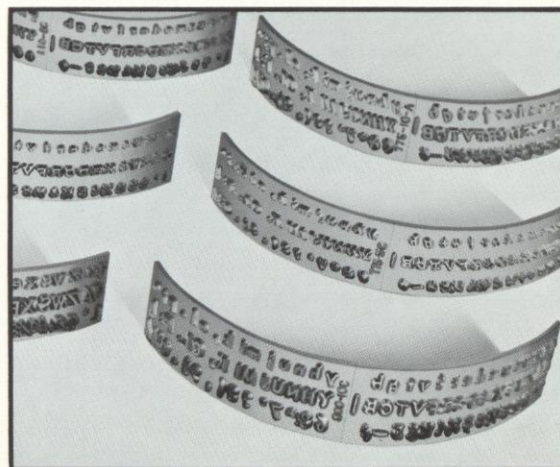
A major contributing factor to this year's sales growth was the new VariTyper 720. This electric keyboard model has introduced new levels of quality and productivity to the art of direct impression typography, broadening existing markets.

Institutional uses, particularly in secondary and vocational training schools, demonstrated exceptional growth in the current year. Here VariTyper is used both to compose internally used curriculum material and for training students to qualify for operator positions in business and government. VariTyper systems for preparation of projection transparencies used in visual education are being sold in quantity to institutions and also in industrial and commercial markets.



The new VariTyper 720 combines versatility with operator ease for low cost type composition.

VariTyper equipped vocational training classroom.



A few of the hundreds of quick-change type styles available for VariTyper machines.

Recently the Addressograph Division announced a new A-M/Polaroid identification card and data collection system which utilizes as a key component a unique plastic embossable envelope developed by Emeloid. This envelope is transparent, the same size as a standard credit card and permits sealed enclosure of a full color or black and white photograph within an embossed card. Consequently, photo-identification capability has now been added to the previous advantages of Addressograph embossed credit and identification cards.

With its factory floor space almost tripled, Emeloid has been able to more than double plastic card shipments for the first six months of 1967 over the similar 1966 period. Production capacity for molded products has also been expanded.

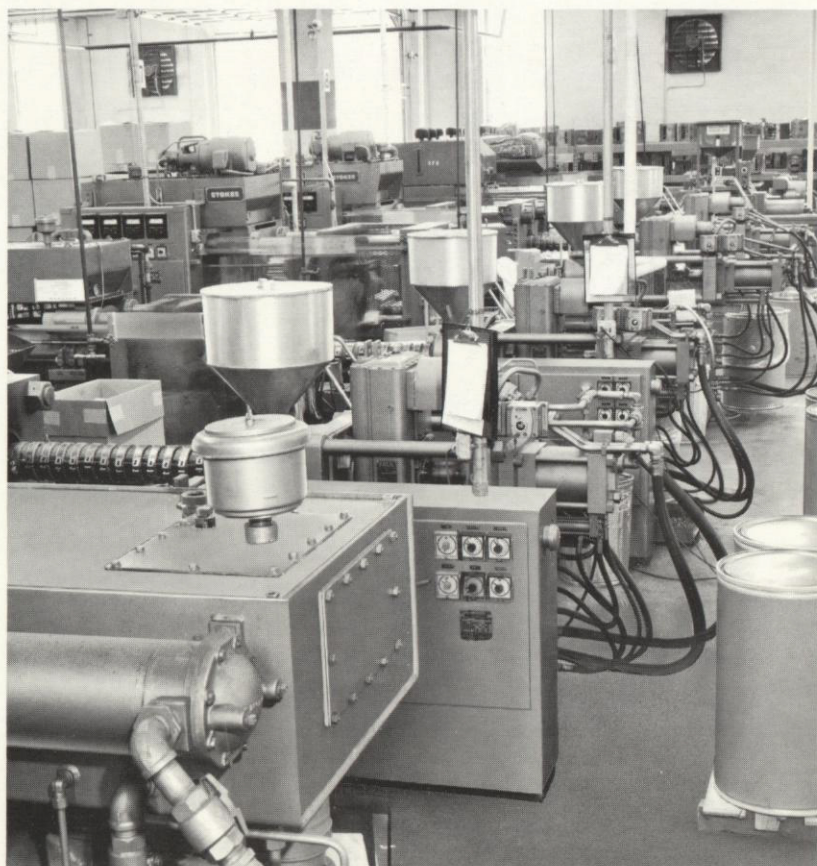
In further support of other A-M divisions, Emeloid is manufacturing an increasingly large number of plastic parts for various A-M machines. Recently, for example, Emeloid began volume production of plastic parts for a completely new Addressograph data recorder line as well as a large number of parts for a new VariTyper model.

Expanding sales of Addressograph's Source Data Automation systems have generated new sales volume for special plastic cards and plastic filing equipment.

Emeloid has long been a subcontract supplier of a large variety of fabricated plastic items. Volume of this business is growing rapidly. Emeloid also continues to be the largest supplier of punched plastic cards for automatic self-dialing telephones.



A-M/Polaroid Identification Card.



These new injection molding machines are producing thousands of vacuum-formed parts for A-M machines, toys, specialties, packaging and other industrial uses.

Buckeye Ribbon & Carbon

Product sales volume grew substantially in the fiscal year, resulting from better market coverage and an increased number of company Sales Branches. End-user markets now recognize Buckeye as the "private brand" of A-M Corporation and this association promotes ready acceptance of the Buckeye line.

Sales of Buckeye high-speed printer ribbons have outpaced the growth of computer population, indicating excellent progress in our share of this important market. Transfer carbon and master material sales are substantially increased over those of the previous year. Name and address lists are printed on this material by computers and information from these lists is transfer-printed to individual mailing pieces by Addressograph Transfer Printers.

A new manufacturing process now produces special carbon rolls and sheets used for imaging checks and other documents with magnetic ink. Superior signal level consistency of Buckeye magnetic carbon improves the performance of Magnetic Ink Character Readers. As a result of better manufacturing methods, cost of MICR carbon has been reduced, enhancing our penetration of this growing market.



Buckeye's private brand carbon and ribbon packaging, combined with a unique inventory plan, has opened up new markets for all products.

Electronic Image Systems

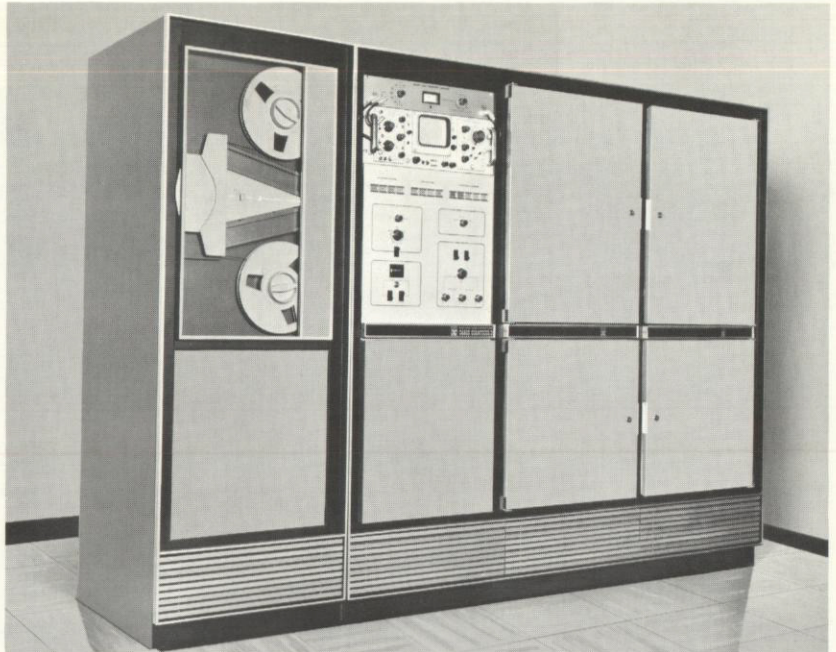
Additional EIS photorecorders were delivered to NASA during fiscal 1967 and more systems have been ordered. The role of these photorecorders is explained at the top of pages 18 and 19.

EIS received an official commendation from NASA for the performance of its weather-satellite photorecorders. The telegram announcing the commendation reads, in part:

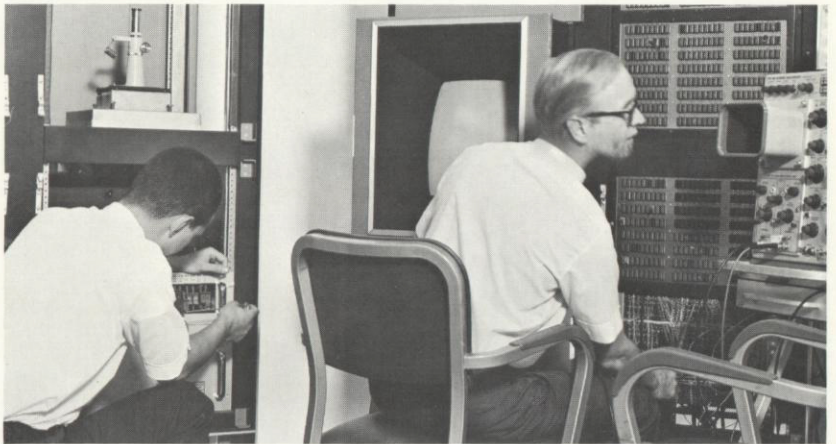
"I congratulate you as an important industrial member of the Nimbus team for the development and demonstration of systems which have met all expectations in space flight and for supporting ground operations. I am looking forward to our continued joint effort in carrying the Nimbus program forward."

Other electro-optical image reproducing systems and special purpose image quantizers were delivered on U.S. Government classified projects.

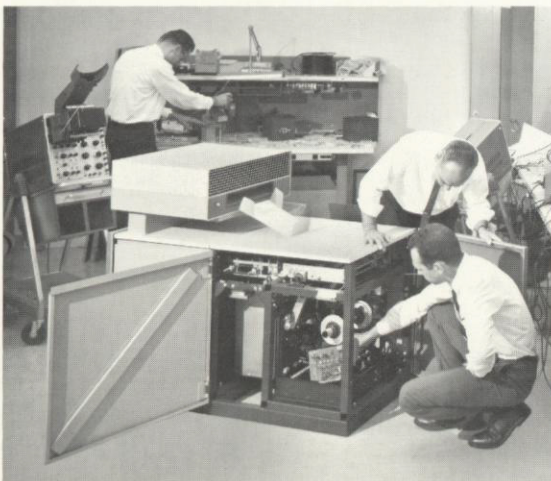
The components and systems developed by EIS for its photorecorder gave rise, during this year, to a new family of powerful peripheral equipment for computers which will be marketed commercially in 1968. Prototype units were sold to John Hopkins University Applied Physics Laboratory and to the U.S. Army Combat Surveillance and Target Acquisition Laboratories; they have been in maintenance-free operation for over six months. Another unit, specifically adapted for medical research, is about to be delivered to New England Medical Center, where it will serve as the principal input/output equipment for a computer.



EIS Image Quantizer 3, as used by the U.S. Army Electronics Command to scan microfilm and convert image information to digital codes for input to computers.



Checking-out an EIS Electronic Scanner-Monitor. This system scans microscope slides and feeds data to computers for analysis and classification.



Pre-production Telikon receiver in final assembly stage.

Expanding Facilities

The growing demand for the corporation's products during the past fiscal year required additional facilities for sales, manufacturing, and distribution.

In January A-M opened a western distribution center in Reno, Nevada. The new one-story building containing 115,000 square feet of floor area, has been leased on a 20 year lease with options to purchase. The strategic location of this center enables A-M to provide better delivery of the corporation's products in the western area.

To provide more efficient customer service a new national embossing center was opened in Mt. Laurel, New Jersey, in December of 1966. This modern 40,000 square foot building was built to A-M requirements and leased to the corporation on a 15 year lease.

The corporation's new coating and plastic card finishing plant in Guilford, Connecticut, was opened in May and the various functions are being put on stream as installation of production equipment is completed.

Construction was started in the Spring on a new office building in Chicago to house the combined marketing and service operations for the Chicago area. This new five-story building on Wabash Avenue in downtown Chicago will be the largest single branch building started to date. It will be completely heated and air conditioned electrically and will be equipped with the most modern facilities for demonstrating, servicing and teaching the functions of the corporation's products. Completion of this building is expected in 1968.



Reno Distribution Center
Reno, Nevada



Mount Laurel National Embossing Center
Moorestown, New Jersey

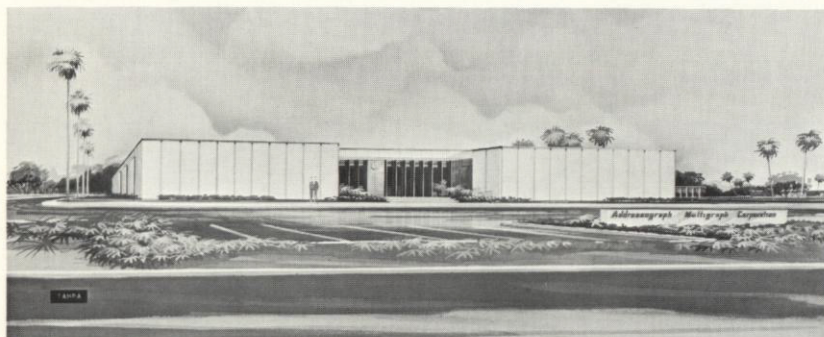


New Chicago, Illinois, branch quarters adjacent to the Wrigley Building and the Tribune Tower. It is scheduled for occupancy in 1968.

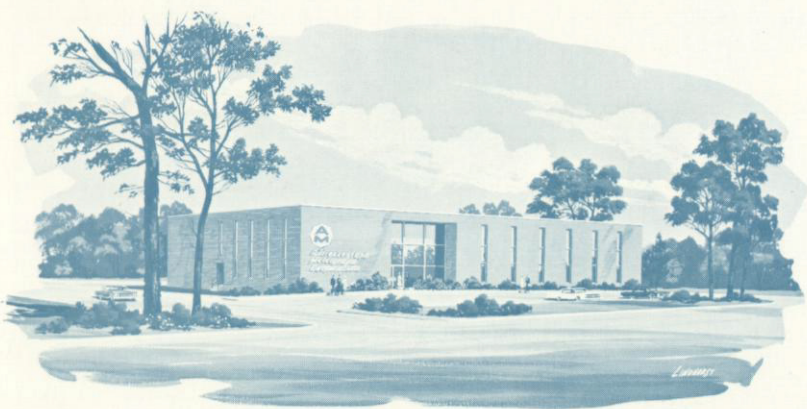
Expanding Facilities



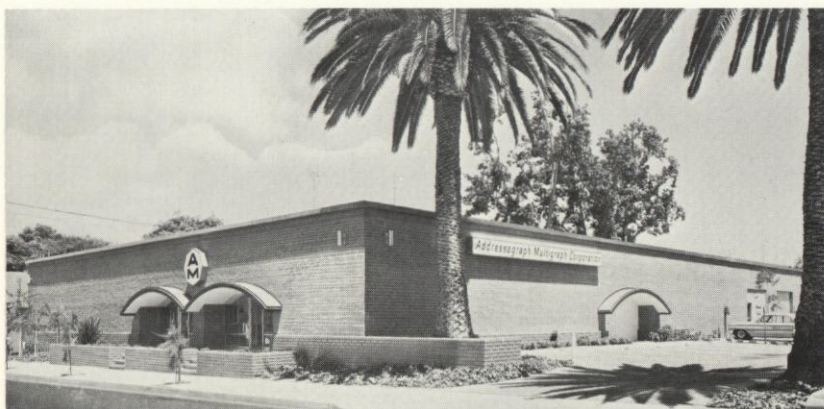
Rockford, Illinois



Tampa, Florida



Baltimore, Maryland



Santa Barbara, California

A continuing effort to house the various divisional and subsidiary marketing and product service operations in a single location for customer convenience resulted in a number of new facilities.

New buildings were built and leased to the corporation in Colorado Springs, Colorado; Greensboro, North Carolina; Orlando and Tampa, Florida; Santa Barbara, California; Rockford, Illinois; Baltimore, Maryland; Baton Rouge, Louisiana; El Paso, Texas; Memphis, Tennessee; Oklahoma City, Oklahoma.

Buildings in new locations were completely remodeled and modernized in Shreveport, Louisiana and St. Louis, Missouri.

In Richmond, Virginia, the existing A-M office was doubled in size to provide facilities for all divisional marketing and product service operations.

Additional area was also added to buildings in Birmingham, Alabama; Jefferson City, Missouri; and Lubbock, Texas.



CORPORATION

WORLD HEADQUARTERS

1200 Babbitt Road, Cleveland, Ohio 44117

UNITED STATES SALES AND SERVICE BRANCH OFFICES

The company and its subsidiaries have sales and service offices in 194 of the principal cities of the United States.

UNITED STATES SUBSIDIARIES

NEW JERSEY	VariTyper Corporation	Newark
	The Emeloid Co., Inc.	Hillside
MASSACHUSETTS	Electronic Image Systems Corporation	Cambridge
OHIO	The Buckeye Ribbon & Carbon Co.	Cleveland
	Buckeye Holmesville Mfg. Co.	Holmesville

INTERNATIONAL SUBSIDIARIES AND BRANCHES

ALASKA	Addressograph Multigraph Corporation	Anchorage
ARGENTINA	Addressograph Multigraph Corporation	Buenos Aires
AUSTRALIA	Addressograph Multigraph of Australia Pty. Ltd.	Melbourne
AUSTRIA	Addressograph Multigraph Gesellschaft m. b. H.	Vienna
BELGIUM	Addressograph Multigraph (Belgium) S. A.	Brussels
BRAZIL	Addressograph Multigraph do Brasil S. A.	Rio de Janeiro
CANADA	Addressograph Multigraph of Canada, Limited	Toronto, Ontario
DENMARK	Addressograph Multigraph A/S	Copenhagen
FINLAND	Oy Addressograph Multigraph AB	Helsinki
FRANCE	Addressograph Multigraph S. A.	Paris
GERMANY	Addressograph Multigraph G. m. b. H.	Frankfurt/Main
GREAT BRITAIN	Addressograph Multigraph Limited	Hemel Hempstead, Herts
	Admel International Ltd.	Weybridge, Surrey
HAWAII	Addressograph Multigraph Corporation	Honolulu
JAPAN	Addressograph Multigraph of Japan, Ltd.	Tokyo
MEXICO	Addressograph Multigraph de Mexico, S. A. de C. V.	Mexico City
NETHERLANDS	Addressograph Multigraph (Nederland) N. V.	The Hague
PUERTO RICO	Addressograph Multigraph Corporation	Hato Rey
SOUTH AFRICA	Addressograph Multigraph (Pty.) Ltd.	Cape Town
SPAIN	Addressograph Multigraph S. A.	Madrid
SWEDEN	Addressograph Multigraph AB	Stockholm
SWITZERLAND	Addressograph Multigraph AG	Zurich
ZAMBIA	Addressograph Multigraph Limited	Kitwe

The company also operates through 89 independent dealers in 120 other key world market areas.

PLANTS AND DISTRIBUTION CENTERS

UNITED STATES:	Atlanta, Georgia	Grand Prairie, Texas	Mt. Prospect, Illinois
	City of Industry, California	Guilford, Connecticut	Newark, New Jersey
	Cambridge, Massachusetts	Hillside, New Jersey	Palisades Park, New Jersey
	Chicago, Illinois	Holmesville, Ohio	Reno, Nevada
	Cincinnati, Ohio	Linden, New Jersey	Rochester, New York
	Cleveland, Ohio	Mt. Laurel, New Jersey	Teterboro, New Jersey

INTERNATIONAL: AUSTRALIA: Melbourne — BRAZIL: Rio de Janeiro — CANADA: Toronto, Ontario
FRANCE: Paris — GERMANY: Frankfurt/Main — GREAT BRITAIN: Aldershot, Hants;
Hemel Hempstead, Herts; West Hartlepool, Durham; Weybridge, Surrey — JAPAN:
Tokyo — SOUTH AFRICA: Johannesburg.

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USER
A
SATISFIED
CUSTOMER...
FOREVER"



CORPORATION
... helping people communicate

PRODUCED IN U.S.A.